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SCHEMES FOR DEVELOPMENT, DISPOSITION OF PRODUCTIVE CAPACITIES

Moscow EKONOMICHESKAYA GAZETA in Russian No 4, Jan 81 pp 11-14

[Complete text of the Methodological Directives concerning elaboration of schemes for the development and disposition of productive capacities]

[Text] On 4 October 1980, the USSR State Planning Commission approved the Methodological Directives concerning the elaboration of schemes for the development and disposition of the sectors of the national economy and of the branches of industry and for the development and disposition of the productive capacities of the union republics and economic regions; these directives had been prepared in accordance with Decree No 695 that was passed on 12 July 1979 by the CPSU Central Committee and the USSR Council of Ministers and that is entitled "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality." At the request of our readers, we are publishing here the full text of this document.

I. General Propositions

1. The schemes for the development and disposition of the sectors of the national economy and of the branches of industry and the schemes for the development and disposition of the productive capacities of the USSR's union republics and economic regions (in the following, they will be called "sectorial schemes" and "regional schemes," respectively) represent scientific, plan-preparatory data and they are worked out for at least 15 years (broken down by five-year periods). After every 5 years, the sectorial and regional schemes are corrected and defined more accurately and then drawn up for a new five-year period.

Together with the complex program for scientific-technological progress, the schemes are the starting point for the preparation of the Basic Orientations of the USSR's economic and social development over 10 years and they are drawn up in accordance with the product mix adopted for them and in accordance with the network of economic regions (territorial cross-section). The schemes define the tasks and the basic indicators of sectorial development and of the economic and social development of the union republics (economic regions) and they insure full utilization of the natural resources as well as an efficient combination of sectorial and regional development.

The sectorial schemes are drawn up by the USSR ministries and departments that in regard to the development of the corresponding sector are the leading agencies; assistance is lent by other ministries and departments that supervise the sector's commodity-producing enterprises and also by the councils of ministers of the union republics, and allowance is made for the findings of the councils of ministers of the autonomous republics and of the executive committees of the kray and oblast councils of people's deputies. The regional schemes are drawn up for the union republics, the economic regions and the emerging regional production complexes under the direction of the councils of ministers of the union republics (the clients are the state planning commissions of the union republics), with due regard for the sectorial schemes and with the inclusion of enterprises irrespective of their departmental subordination.

2. In drawing up the sectorial and regional schemes, it is necessary to proceed from the objectives concerning further improvement of the efficiency of social production and of the well-being of the Soviet people. To this end, the schemes consider long-range variants of the development and disposition of the productive capacities.

The elaboration of the schemes is based on:

- a) The directive and programming party and government documents concerning the long-term solution of socioeconomic problems;
- b) the complex program for scientific-technological progress and other prognostic data worked out by scientific and planning organizations;
- c) the conception and the approximate indicators for the long-term development and disposition of the country's productive capacities.

3. The elaboration of the sectorial and regional schemes is carried out in accordance with the principles of national economic planning. The principal methodological documents used in preparing the schemes are the present directives and the methods--based on these directives--for drawing up schemes for the corresponding sectors and individual union republics, and also the Methodological Directives for the development of the state plans for economic and social development of the USSR, which were confirmed by USSR Gosplan Decree No 63 of 31 March 1980.

The overall scientific-methodological supervision over the elaboration of the schemes is in the hands of the Council for the Study of Productive Capacities (SOPS) and of the Scientific Research Institute for Economics (NIEI), which are affiliated with the USSR State Planning Commission, while the development of the schemes for the fuel/energy, transport and construction sectors is supervised by the All-Union Scientific Research Institute for Complex Fuel and Energy Problems (VNIIEKTEP), the Institute for Complex Transport Problems (NIKTP)--which are affiliated with the USSR State Planning Commission--and the Scientific Research Institute for Construction Economics of the USSR State Committee for Construction Affairs, respectively.

The SOPS and NIEI of the USSR State Planning Commission provide the leading developers--no later than 4 years before the next five-year plan--with the conception and the approximate indicators for the development and disposition of the country's productive capacities, with due regard for the complex program for scientific-technological progress.

4. The consumers of the corresponding schemes identify the leading developers among the sectorial and regional scientific and planning organizations and provide them with the targets regarding the development of the scheme.

By agreement with the consumers of the schemes, the leading developers determine the collaborating organizations; coordinating their efforts with the SOPS of the USSR State Planning Commission, they work out the program, the work method (including forms and indicators) and a coordinated plan for developing the schemes; they exercise direct organizational and methodological supervision over the work of the collaborating organizations and work out the scheme plan as a whole.

5. The sectorial and regional schemes are worked out in accordance with the Scientific Research Plan for the Natural and Social Sciences (key economic problems), which was confirmed by the USSR State Planning Commission, the USSR Academy of Sciences and the USSR State Committee for Science and Technology, and in accordance with the operational plans--confirmed by the USSR ministries and departments and the councils of ministers of the union republics upon coordination with the USSR State Planning Commission--for drafting schemes and other materials implemented at the expense of the state budget.

6. The USSR ministries and departments submit the sectorial scheme plans for consideration to the proper councils of ministers of the union republics, which together with the councils of ministers of the autonomous republics and with the executive committees of the kray and oblast councils of people's deputies communicate their conclusions to the USSR ministries and departments, with due regard for the regional schemes drafted. Subsequently, the scheme drafts are examined by the clients and then submitted for approval--no later than 2½ years before the next five-year plan--to the USSR State Planning Commission.

7. Together with the State Expert Commission of the USSR State Planning Commission and with the SOPS, NIEI, IKTP and VNIKTEP of the USSR State Planning Commission, the divisions of the USSR State Planning Commission prepare for the Commission's leadership the conclusions concerning the scheme drafts submitted by the clients. The comments of the USSR State Planning Commission are transmitted to the corresponding scheme consumers, who in conformity with the comments of the State Planning Commission apply the necessary finishing touches.

The sectorial and regional schemes that have been coordinated with the USSR State Planning Commission are approved by the corresponding clients and then submitted to the USSR State Planning Commission no later than 2 years before the next five-year plan; they are used for drafting the Basic Orientations for economic and social development, the five-year plans, the object-oriented complex programs, the schedule of new construction projects, the settlement schemes and regional plans, and the technical-economic validations (TEO) of individual enterprises (installations).

11. The Schemes for the Development and Disposition of the Sectors of the National Economy and of the Branches of Industry

8. The sectorial scheme consists of the following basic sections:

Analysis of the current state of sectorial development and disposition;
the basic conditions and factors concerning the sector's long-term development and

disposition;
conception and variance of long-term sectorial development and disposition;
determination of the optimal variant of sectorial development and disposition.

Analysis of the Present State of Sectorial Development and Disposition

9. The analysis of the current state of sectorial development and disposition is carried out through examination—in regional cross-section—of the statistical data, results of scientific research, and planning materials for the preceding 15 years on the basis of the final (base) years of the five-year plans (for agriculture and a few other sectors—on the basis of the average annual indicators for the five-year plan) and it must aim to disclose disproportions and bottlenecks in the development and disposition of production and production reserves and to raise the technical level and improve the economic efficiency of production.

10. In analyzing the current state of sectorial development, one must consider the following basic indicators that describe the sector's development:

supply of raw material resources;
commodity output in physical and value terms (commodity, net output);
production costs, materials-intensiveness and energy-intensiveness of production;
capital investments, with the input for expansion, renovation, technical re-equipment and new construction singled out;
volume of unfinished construction and value of uninstalled equipment;
production increase (in value terms) per ruble of capital investments; the profitability of the investments and their recovery times;
value of fixed capital (with producer goods singled out), output-capital ratio, start-up of production capacities, availability and utilization of production capacities, labor productivity, equipment- and power-worker ratio, productivity of livestock breeding, yield of agricultural crops, other technical-economic indicators determined by the production characteristics of the given sector.

In analyzing sectorial disposition for the union republics and economic regions, one must pay attention to the indicators of commodity production and consumption in physical terms, to capital investments, the value of the fixed capital, and the strength of the work force engaged in production.

11. The description of the sector's current state, which is characterized by the indicators of its development and disposition during the last year of the preceding period, is complemented by data on:

Comparison of the production level attained with the requirements of the national economy on the basis of the indicator of output in physical terms, and also with the production levels for that output in economically developed countries;

the sector's technological level (structure of the equipment used in terms of types, technical characteristics, service life and other specific criteria; new types of goods produced and their conformity with world standards; key scientific-technological advances and their effect on the development and disposition of production, on environmental protection and on efficient utilization of the natural resources);

supply--in regional cross-section--of labor, fuel/energy, mineral/raw material, agricultural, timber, water and other production resources, and evaluation of their effect on the economic indicators of sectorial development and disposition;

the levels of concentration, specialization, cooperation and combination of production (classification of the sector's enterprises and farms in accordance with the production volume, the value of basic producer goods, the strength of the work force engaged in production; conformity of the enterprises' actual scale with the optimal capacities; intersectorial, intrasectorial and interfarm cooperative relations; sectorial commodity output produced by enterprises of other ministries and departments);

improvement of the sector's administrative and regional organization (development of associations of various types; number of enterprises belonging to associations; share of the associations' output of the overall volume of the sector's commodity output; distribution of leading enterprises and affiliated enterprises);

participation of the sector in the formation and development of sectorial (industrial, agroindustrial) and regional production complexes of union-level significance;

the sector's requirements in regard to transport and the volume of transport operations, and also the degree of fulfillment of transport service requirements (in terms of the sector as a whole, the individual rayons and the types of transport);

interregional and intraregional transport/economic links with the suppliers of fuel, raw materials, materials, semifinished goods and supplementary articles, and also with the consumers of finished goods--with inefficient links singled out;

participation of the sector in the international socialist division of labor among the CEMA member states and in trade relations with other countries; commodity export and import.

Basic Conditions and Factors Concerning Long-Term Sectorial Development and Disposition

12. The preliminary requirements of the national economy and of the population regarding the most important types of products are worked out for the country as a whole by the NIEI and the SOPS of the USSR State Planning Commission with the collaboration of the leading developers. After the USSR State Planning Commission has examined the data concerning the requirements of key products, the data are transmitted to the buyers of the corresponding schemes. As regards the remaining types of goods, the requirements are calculated by the leading developers on the basis of these data.

In the calculation of requirements, the possibilities of expanding the sector's participation in the international division of labor are also taken into account. Proposals concerning participation of the sector in the international division of labor are supported by technical-economic calculations based on operative methods of determining the effectiveness of new technologies, capital investments and foreign trade relations.

13. The orientations of technical policy in the sector are worked out on the basis of the complex program for scientific-technological progress. In this respect, provision is made for further intensification of the production processes, for fuller and more complex utilization of natural resources, raw materials, materials and fuel, for expanding the utilization and complex processing of low-quality resources and industrial by-products, for introduction of waste-free technologies and for preventing pollution of the environment.

The influence of scientific/technological progress on sectorial development and disposition is examined, and the volumes of commodity output involving use of new equipment and technologies are disclosed. The changes are determined that occur in the indicators of materials-intensiveness, energy-intensiveness, labor-intensiveness, capital-intensiveness, labor productivity, equipment- and power-worker ratio, production costs and product quality; an analysis is made of the conformity of the orientations and rates of scientific-technological progress with the developmental objectives of the given production in the areas of its specialization and of new production start-ups and with extreme natural conditions; the effect of scientific-technological progress on the types and optimal dimensions of associations, enterprises and farms is ascertained.

14. The sector's production resource requirements are determined on the basis of the projected commodity output volumes in regional cross-section and with application of progressive, regionally differentiated norms and rates of consumption of these resources.

The resource potential and the supply of raw materials (in regard to volume as well as quality) are substantiated by the remaining and the projected reserves. The advisability of drawing new deposits into economic circulation, the development of working deposits in the face of changing conditions of exploitation and complex utilization of raw materials, and the possibility of using interchangeable types of raw material are confirmed by appropriate technical-economic calculations. The possibility of long-term sectorial development and disposition is confirmed also by prognoses concerning the condition of the environment.

The extent to which production is provided with multipurpose resources (fuel/energy, land, forest, water) is assumed in accordance with the balances of these types of resources that are drawn up in territorial cross-section by the appropriate organizations.

The sector's requirements of labor resources are determined on the basis of long-term indicators of sectorial development with due regard for provisioning both basic production and the infrastructure. At the same time, consideration is given to the need to improve the utilization of the manpower resources, to the labor balances in the areas of production disposition and also to the extent to which the sector's operative enterprises are provided with manpower.

Within the framework of the schemes, there are drawn up regional production balances as well as allocations of key products.

Upon examination of the sectorial schemes by the councils of ministers of the union republics, the indicators of the sector's supply of multipurpose resources (including labor resources) are defined more accurately on the basis of the results of the balance coordination carried out in the regional schemes for all users.

15. The sectorial requirements concerning expansion of the productive capacities and fixed capital are established for the country as a whole through balance calculations on the basis of the national economy's accepted (calculated) requirements of the sector's output—in conformity with the Methodological Directives concerning the drafting of the state plans for economic and social development of the USSR.

Conception and Variants of Long-Term Sectorial Development and Disposition

16. The conception (hypothesis) of long-term sectorial development and disposition must include the key orientations of long-term sectorial development and disposition that insure attainment of the projected production levels with a view to meeting the economy's and the people's requirements regarding the sector's output.

In the schemes, one can develop a number of conceptions that essentially are noted for the solution of key problems (radical change of the production structure, intensification of the international division of labor, accelerated development of individual, e.g. eastern, regions of the country, etc.).

17. In conformity with the conception adopted, there are worked out variants of sectorial development and disposition that reflect the ways and means of attaining the objectives established (various production technologies, types of raw material; orientation toward the raw materials base, production areas and the transport/economic links resulting from this).

18. The variants of sectorial development and disposition must comprise all enterprises. In this regard, allowance is made for the operative production capacities and for the decisions and proposals made in the established procedure in regard to the development of the production capacities and the construction of new enterprises. The remaining part of the production increase incorporated in the calculation is disposed provisionally, with subsequent specification (at the stage of technical-economic validation) of the points of disposition and definition of the basic technical-economic indicators for those enterprises that were included in the optimal variant.

19. To optimize the sectorial development and disposition variants worked out, it is necessary to vary in each of them the production volumes and technologies at both the operative and the projected enterprises that meet the conditions necessary for this. In this connection, the maximum total production volumes for all projects must significantly exceed the national economy's—established or calculated—requirements regarding the sector's output.

For all of the enterprises included in the calculations, there are determined the production volumes and technologies as well as the one-time and the current input. The elements of the one-time and of the current input are calculated in conformity with the method of determining the economic efficiency of the disposition of industrial enterprises that was developed in 1980 by the SOFS of the USSR State Planning Commission and coordinated with the Commission.

Determination of the Optimal Variant of Sectorial Development and Disposition

20. Subsequent to elaboration of the sectorial development and disposition variants, their economic effectiveness is assessed by means of economic/mathematical

methods and computers--in conformity with the Methodological Directives concerning the drafting of the state plans for economic and social development of the USSR.

21. The evaluation of the variants of sectorial production development and displacement is carried out on the basis of the indicator for the input listed, which includes expenditures on associated sectors and the cost of transporting the finished goods to the customer. By comparing these indicators on the basis of calculation variants, one can select the variant that meets the criterion of minimum input. As a rule, this variant of sectorial development and disposition is recommended in the scheme for implementation as the optimal variant:

22. When the input indicators are identical or close, selection of the optimal variant of sectorial development and disposition is carried out by means of a supplementary analysis of their absolute effectiveness, of the capital-intensiveness and of the conformity of the given variant with other requirements of the national economy (savings of labor, fuel/energy and other production resources; reduction of transport loads; specialization and complex economic development of the union republics, economic regions and regional production complexes; state of the environment; improvement of the conditions of construction implementation).

23. The optimal variant of sectorial development and disposition should feature a system of indicators and data that is used in analyzing the sector's current state.

On the basis of the optimal variant, there are drawn up the regional balances of commodity production and distribution and the estimate of the sector's requirements regarding multipurpose resources (labor, fuel/energy, water and land resource; capital investments, with the volumes of construction/installation operations singled out); the transport/economic connections are analyzed; the average distance of the shipments of finished goods is calculated; the relative efficiency and sequence of enterprise (installation) construction are determined, and subsequently--at the stage of technical-economic validation--these are defined more accurately; the group of enterprises is singled out, the development (construction) of which is confirmed as being expedient by all variants examined; the requirements concerning the development and disposition of associated sectors are formulated, as are the problems concerning further development.

III. The Schemes for Development and Disposition of the Productive Capacities of the Union Republics and Economic Regions

24. The regional schemes consist of the following sections:

Analysis of the current state of economic and social development and disposition of the productive capacities;
assessment of the natural and economic prerequisites for further development and disposition of the productive capacities;
substantiation of the basic orientations of production specialization in overall economic development;
substantiation of the disposition of the productive capacities of a union republic (economic region);
basic conclusions; evaluation of the effectiveness of the projected orientations and proposals concerning the further development and disposition of the productive capacities.

Analysis of the Current State of Economic and Social Development and Disposition of the Productive Capacities

25. The level of economic and social development is described by the indicators--originating in the dynamics of the past 15 years--concerning volumes and rates of production increase, sectorial and regional structure, economic specialization, relation between the production and consumption of basic types of goods, and the living standard of the population. One ascertains the conformity of the current level of development and disposition of the productive capacities with the economic and natural conditions and resources, with an efficient regional division of labor.

An analysis is made of the capital-labor ratio, of the output-capital ratio and of labor productivity in the sectors of the national economy, which are calculated on the basis of commodity or net output in comparable prices with due regard for structural changes; likewise subjected to analysis are the indicators of basic commodity output in physical terms, of production costs, capital input, the relation between the wage growth rates and the growth rates of labor productivity, effectiveness of capital investments and material input, profitability, reduction of manual labor, interregional and intraregional relations of the republic (region). The state of the environment is likewise analyzed. The place of the republic (region) in the framework of the country's unified national economic complex is examined. In this respect, it is necessary to show the tendencies toward changing the ratios between the sectors of production specialization and the auxiliary sectors of the economy and to show the changes in the local production-consumption relation and in the relations concerning transport economics.

The living standard is described by the increase in real per capita income (including the social consumption funds), by the change in the structure and actual volume of consumption of basic foodstuffs and nonfood consumer items, by the extent to which the population is provided with housing, cultural and domestic services, public health and education facilities, preschool institutions, etc.

An analysis is made of the intrarepublic (intraregional) disposition of the productive capacities, of the regional structure of the economy and production organization of settlement systems, of the formation and development of large-scale TPK [Regional Production Complexes].

An evaluation is made of the scientific-technical potential established, of the disposition of scientific research organizations, higher educational institutions, scientific-technical and experimental bases and their conformity with the republic's (region's) production specialization, and of the number and characteristics of the scientific cadres, etc.

The disproportions and shortcomings in the development and disposition of the productive capacities are disclosed, as are the available reserves and capacities for further expansion of the production volumes.

Evaluation of the Natural and Economic Preconditions for Further Development and Disposition of the Productive Capacities

26. The natural preconditions are described by the state and long-term evaluations of the land, water, forest, mineral/raw material and energy resources.

The classification and qualitative evaluation of the land resources are produced in accordance with the purpose of the unified state land assets in regard to the principal land users and types of land resources. Areas are established for potential exclusion of lands for nonagricultural utilization, with those areas singled out that are taken up by forests, plowed fields, meadows, pastures, etc. With due regard for the natural conditions, technical potentialities and economic expediency, there are determined the areas of potential agricultural development (possibility of utilizing underbrush and swamps and of reclaiming the land). On the basis of balance calculations of land resource transformation, one determines the long-term structure of the land assets of the republic (region), oblasts, krais and autonomous republics.

27. The evaluation of the water resources is carried out in correlation with the water requirements of the republic's (region's) economy and population. The volume of water consumption is determined by the actual water extraction by all users. The operative water resources are determined as the balance between the really feasible water input and the actual water extraction within the boundaries of the water basin (section line) of the republic (region) or settlement. In this connection, the measures of comprehensive utilization and protection of the water resources are substantiated. For the economic evaluation of the water resources, one calculates the total expenditures (per 1 cubic meter of water) with due regard for the capacities of the water supply systems and for the volumes of water consumption and water drainage at the sites of new industrial enterprises.

28. An analysis is made of the condition and placement of the forest resources and of their structure in terms of species and age (coniferous, hard-leaved, soft-leaved, mature, overmature, etc.). A long-term evaluation is made of the forest resources, with due regard for the changes in the forested areas as a result of the development of the economic sectors and of the forestry operations. In this evaluation, the forests of a protective nature are singled out. In accordance with the conditions of efficient forest management, the timber delivery volume is ascertained and the technical-economic indicators are calculated that describe the economic efficiency of the long-term utilization of the forest resources and of the improvements in their protection, and the advisability of the siting of logging operations.

29. The mineral/raw material and fuel resources are evaluated on the basis of the given reserves of profitable minerals in accordance with the categories $A + B + C_1$, with due regard for the available and the projected reserves. A geological-economic evaluation is made of the primary deposits of profitable minerals, of their placement, of the degree of development and of the conditions of exploitation. The technical-economic indicators concerning extraction and complex utilization of the raw materials are adduced.

30. The evaluation of the labor resources is carried out for the final year of each five-year period on the basis of the demographic calculations of the USSR Central Statistical Administration for the union republics. To determine the long-term population figures for the regions, for which data of the USSR Central Statistical Administration are lacking, the necessary calculations are carried out on the basis of the apparent long-term population movements.

31. The labor resources are calculated for the union republic, the economic region, the krais, oblasts, autonomous republics and their administrative centers. The requirements of the material production sectors concerning labor resources are determined on the basis of the projected increase in production volumes and labor productivity. The requirements of labor resources for the nonproductive sectors are established on the basis of population figures and of all-union service norms that are adjusted in accordance with the concrete conditions in the republic (region).

In evaluating the labor resources, one must determine the cost of cadre training and of the establishment and operation of all elements of the popular service realm and also the costs that are involved in the use of the work force and that incorporate regional wage differences.

Validation of the Basic Orientations of Production Specialization and Overall Economic Development

32. On the basis of the overall conception concerning the development of the country's economy and on the basis of the analysis of the economy's current state and of the projected ways of efficient utilization of economic and natural resources, one determines the basic orientations of the development and disposition of the union republic's (region's) productive capacities for the period under consideration, while at the same time showing the possibilities of increasing the union republic's (region's) contribution to the solution of the national problems in connection with the economic and social development of the country.

33. One of the crucial problems in regard to the development of the schemes is the determination of the structure and production specialization of the union republics' (economic regions') economies.

The economic structure of the union republic (economic region) is determined on the basis of the net commodity output, the average annual strength of the work force and the basic production funds.

Production specialization of the union republic (economic region) denotes preferential development based on the republic's effective natural and economic resources and on the sectorial (industrial) conditions in regard to meeting interregional requirements as well as the republic's own needs. The specialization sectors are subdivided into specialized industries—which in regard to net commodity output are of considerable importance in the republic's (region's) economic structure and in commodity exports and which form the foundation of the economic complex—and non-specialized industries, which are of lesser importance.

To show the economic specialization sectors (industries) of a republic (region), one can use the following calculating indicators:

The interregional specialization coefficient, which is calculated as the proportion of a given sector's commodity export in the country's interregional exchange; the marketability coefficient, which is calculated as the relation between the value of exportable goods and the overall value of the goods produced in the republic (region), and for certain types of goods—as the ratio of the republic's (region's) exports of a given commodity to its production in the republic (region)

in natural indicators:

the coefficient of localization (concentration) of a given sector (industry) in the territory of the republic (region), which is calculated as the relation between the relative share of the republic's (region's) total production in terms of net commodity output and that sector's relative share in the country;

the coefficient of per capita commodity output in the republic (region), which is calculated as the relation--in terms of net commodity output--between the relative share of a sector of the republic (region) in the corresponding sector of the country and the relative share of the republic's (region's) population in the population of the country.

The sectors, whose coefficients of localization and per capita commodity output are greater than one and whose output is to a large extent exported from the republic (region) to other regions, are its sectors of production specialization.

14. One determines the level of the union republic's (economic region's) overall economic development. In doing so, one insures the proportionate development of the specialization sectors in conjunction with the economically justified development of the auxiliary production sectors and of the nonproductive sphere.

15. In substantiating the republic's (region's) production specialization and overall economic development, one must begin with the determination--in regard to a few variants--of the growth rates, volumes and structure of the social product and national income and of the economic sectors and industrial branches, while bearing in mind the need to select the optimal variant. The substantiation of the republic's (region's) production specialization is carried out by stages. At the first stage, the soundness of the production specialization is determined on the basis of an evaluation of the republic's (region's) potential natural and economic resources and conditions. At the second stage, the results are defined more accurately on the basis of sectorial and intersectorial economic calculations. In this process, one takes into consideration the republic's (region's) approximate potential in regard to labor, raw material, fuel/energy, land, and water resources as well as the state of the environment and the transport factor.

The rates of production development and the intersectorial proportions and relations are defined more accurately by means of an intersectorial balance of production and distribution of the social product. One checks the proper balance of sectorial development in accordance with the national economy's final product requirements. Through balance calculations, one examines the correspondence between the republic's (region's) total long-term requirements of certain types of raw materials, fuel, electric power, water, manpower resources and the republic's (region's) potential. One ascertains the shortage (surplus) of certain types of resources. Through economic calculations, one substantiates the possibility and effectiveness of imports (exports) from other regions as well as the possibility and effectiveness of reducing the need for critical resources by replacing them by other types of resources. In this end, it is advisable to use in the calculations the natural-value intersectorial balances of the union republics as well as the regional balances of production and distribution of key commodities.

The output volumes of industrial goods, the capacities of the enterprises and their disposition in the sectors of the extractive industry and of the processing industry are determined on the basis of the results of technical-economic calculations of

the efficiency of the development of natural resource deposits (oil, coal, iron ore, etc.). In this respect, to select the optimal variant, one takes into consideration--along with the sectorial expenditures on extraction (production)--the outlays involved in the utilization of multipurpose resources and in the protection of the environment in the regions of placement.

16. The production volumes and production structure of the sectors of the processing industry are determined on the basis of the results of technical-economic calculations of the optimal variant of development and disposition of the respective types of commodity output. In this respect, broad use is made of the analyses of the respective scientific and planning organizations in regard to the soundness of the development and disposition of enterprises and also of the existing inter-regional and intersectorial models that reflect the expenditures on resources and on the commodity transport to regions that allow siting of enterprises of the respective branches of industry.

In substantiating an effective variant of disposition of the sectors of the processing industry, one takes into consideration not only the sectorial expenditures on the utilization of water, land, and manpower resources, but also the regional differences in the expenditures on the establishment of the construction base, including the expenditures on developing the production of local building materials, the transportation costs of raw materials and finished products, and the cost of environmental protection.

By means of balance calculations, the volumes of production increase of the branches of the processing industry are coordinated with the resources and economic structure of those regions, in which their placement is feasible.

In the event of a shortage of a given commodity, it is necessary to compare the total production costs of that commodity in a region with the costs in other regions that specialize in its production, including the commodity transport costs. If the costs of shipping the commodity from the regions specializing in its production are lower than the costs in the given region, then it is inadvisable to produce the commodity in the region in question.

The validation of the development of the industrial sectors must be completed by determining the requisite volumes of capital investments and the economic efficiency of production.

17. The long-term development and disposition of agricultural production is substantiated on the basis of the satisfaction of the social requirements of agricultural products, improvement of the quality of these products, improvement of the efficiency of utilization of the land, labor and material-technical resources, and solution of the basic socioeconomic problems concerning the development of the countryside. In this regard, allowance is made for the necessity to intensify the processes concerning improvement of efficient specialization and of production concentration, consolidation of agroindustrial integration and interfarm cooperation, and the development of both the production-related and the social infrastructure.

In the validation of the orientations of agricultural development and disposition, broad use should be made of the balance method. One draws up agricultural land balances (with due regard for exclusions and new development), balances for the

fodder to be produced in the region, and production and distribution balances for grain and other types of products. One calculates the requirements of mineral fertilizer, other material-technical resources, and capital investments.

The development and disposition of agriculture must be carried out in several variants characterized by the different degrees of intensification and industrialization of the agricultural sectors, by the orientation and modes of resource utilization, the level of transport development, and the methods of processing, storing and marketing the agricultural output.

The disposition of the agricultural output should be implemented on the basis of zoning carried out with due regard for the totality of natural and economic conditions and factors--ground cover, climatic conditions, structure of land resources (including agricultural lands), strength and distribution of the agricultural population, etc. In developing and substantiating the variants of development, one must insure intrasectorial and intersectorial compatibility. One determines the volumes of capital investment, the economic efficiency of the projected long-term development and disposition of the agricultural sectors, and the indicators concerning utilization of key producer goods and improvement of labor productivity.

38. The development of the transportation sector must proceed from satisfaction of the requirements of the national economy and of the republic's (region's) population in regard to freight and passenger transport. On the basis of balance calculations of the production and consumption of key industrial and agricultural products, there are determined the long-term volumes of freight transport and freight turnover, the structure of freight shipment for various types of transport, the interregional and intraregional freight and passenger flow, the characteristics of building a transportation network under local conditions--efficient combination of the various types of transport, their freight intensiveness, the development of rail, motor, water, pipeline and air transport so as to insure interrepublic (interregional) shipments, the possibilities in regard to shifting certain types of shipments from rail to motor and water transport. Provision is made for ways of eliminating inefficient shipments and transport-economic links and of improving the republic's (region's) transport service.

A more detailed analysis is made of the development of motor transport, highway construction and transport-related utilization of small rivers, insofar as the planning and management of these systems is in the hands of the union republics.

Variants of the development of the transport network are developed in conformity with the variants of economic and social development of the republic (region) and of the projected disposition of industry; an analysis is made of the principal freight flows and of the possibilities concerning their transport-related development. The distribution of freight shipments by types of transport is carried out with due regard for the characteristics and advantages of each type of transport in conformity with the concrete conditions.

The renovation of existing transportation systems and the construction of new transport projects is substantiated through analysis of the relative effectiveness of the possible variants, through increasing the carrying capacity (e.g. through utilization of different types of transport), which is necessary for developing the projected freight and passenger flow, and through coordinating the projects with

the development of the country's unified transportation network. The capital investments needed for developing all types of transport are calculated.

39. The development and disposition of construction, of the production of local building materials and of other material production sectors that are of intraregional significance, and the development and disposition of the nonproductive sectors are determined in accordance with the requirements of the key sectors of the national economy and of the republic's (region's) population.

40. The development and disposition of the popular service domain are substantiated on the basis of the types of services and sectors, which include the following: housing and municipal services, personal services, commerce and public catering, public education, cultural services, public health, physical culture, social insurance, transport and communications (in terms of popular services).

The development of the popular service sectors should be oriented toward the long-term objectives regarding social development of the society on the basis of the efficiency service norms. The long-term normative indicators are calculated on the basis of the projected average union level of nonproductive commodity and service consumption, which is adjusted in accordance with regional conditions, with due regard for the developmental level attained.

For each sector of the service domain, indicators are developed that describe its overall development in the territory of the republic (region). As regards the service sectors that are under the supervision of union-republic ministries (trade, public health, education, culture), the orientations of their development and disposition are worked out by the union republics with due regard for the suggestions of the union-republic ministries.

All of the indicators concerning the development of the service sectors are determined for the republic as a whole--calculated per population contingent using the respective services--and also on an average per capita basis.

The development and disposition of the sectors of the service domain should help reduce the unjustified regional differences in the popular service levels and at the same time stimulate the influx and consolidation of manpower resources in newly developed regions, where manpower is in short supply and where important problems concerning the development of the national economy are solved.

Substantiation of the Disposition of Productive Capacities Within a Union Republic (Economic Region)

41. On the basis of the projected orientations of the development of a union republic's (economic region's) productive capacities, one must work out the problems concerning efficient, interrelated regional disposition of enterprises of various economic sectors, making allowance for the formation and development of regional production complexes. The volumes of production increase obtained in the substantiation of the republic's (region's) economic structure are disposed on the basis of an economic evaluation of the expenditures on the utilization of resources of overall economic significance and of the sectorial and transport costs. To this end, there are carried out calculations of the intraregional optimization of production disposition, including employment of economic-mathematical methods and electronic computers.

Incorporation of enterprises and enterprise groupings in the regional production complexes (industrial centers, etc.) is carried out on the basis of evaluation--in regard to each of the variants considered--of the labor, land, water, raw material, fuel, and energy resources, the transport conditions, the construction base, the developing disposition of the economy and of the population, the possibilities of cooperation and combination, and the economic expediency of production concentration.

On the basis of the determination of the total input, one establishes effective variants concerning distribution of the enterprises (enterprise groupings) in the regions and cities (industrial centers) and one calculates the overall effect obtained as a result of the optimization of intraregional production disposition.

Economic zoning is instituted, and in this process, there are disclosed the regions that are restricted in regard to the siting of various industries, in particular on account of the unfavorable effect on the environment, as well as the regions that are given preference in regard to construction of large-scale enterprises of the processing industry, including those based on a developed infrastructure, etc. Efficient orientations are substantiated in regard to the economic development of new regions and the formation of regional production complexes of union- and republic-level significance.

For each regional production complex there are drawn up schemes concerning its formation and development within the framework of the overall analyses concerning the scheme of development and disposition of the productive capacities of the union republic (economic region).

In the schemes drafted, there are singled out, along with the regional production complexes, the principal industrial centers--as an aggregate of enterprises associated on the basis of cooperation and technological interconnection--in which the greatest economic effect is attained.

In selecting a variant of disposition of enterprises that are part of an industrial center, one must take into account not only the construction costs and the potential compatibility of a given enterprise group in a certain area of a city or other settlement, but also the expediency of a regional concentration of industry. Likewise taken into consideration are the preferential development of individual sectors and the necessity to build the enterprises of these sectors within the shortest possible time limits. In this regard, allowance is made for the list of cities, in which construction of new enterprises and expansion of operative enterprises is prohibited.

One determines the basic orientations and the order of development of medium-size and small towns; measures are specified for preventing further industrial and demographic concentration in both big and the biggest cities; the system of intraregional settlement is validated. On the basis of the results of the intraregional production disposition in the service sector, there are drawn up orientations for the overall economic and social development of the republic's (region's) various regional parts--krays, oblasts, autonomous republics, intrarepublic economic regions (subregions) and regional production complexes.

In accordance with the results of the investigations concerning substantiation of the disposition of the productive capacities within the republic (region), there are singled out the most important regional problems awaiting program-based solution, and a schedule is established of the object-oriented complex regional programs so as to implement them in accordance with the Methodological Directives--confirmed by USSR Gosplan Decree No 18 of 31 March 1980--concerning the development of object-oriented complex programs for the solution of regional problems and for the formation and development of regional production complexes.

Basic Conclusions, Evaluation of the Effectiveness of the Projected Orientations, and Suggestions Concerning Further Development and Disposition of the Productive Capacities

42. In accordance with the variant recommended, the basic indicators of the development and disposition of the republic's (region's) productive capacities are adduced: Population and manpower resources; gross national product; national income (produced); economic structure; capital investments; basic producer goods; growth rates and net commodity output of industry and agriculture; output volumes of key industrial and agricultural products; basic indicators concerning the development of construction, transport and of the nonproductive sector; key construction projects; shifts in the disposition of the productive capacities in the republic's (region's) territory. Basic conclusions are formulated in regard to the development of the national economy, the improvement of the republic's (region's) sectorial and regional economic structure in the long-term period under consideration, and the enhancement of the republic's contribution to the country's economy.

The total capital investments in the development of the republic's (region's) economic sectors are determined on the basis of the quotas of proportionate capital input in industry, agriculture, transport, communication, trade, available housing, municipal and personal service projects, the network of educational, cultural, scientific and public health institutions, with due regard for the complex construction of productive and nonproductive projects.

The overall national economic effect is evaluated as the savings in total input realized as a result of the changes in the union republics' (economic regions') sectorial and regional economic structure. The national economic effect is expressed by a summary indicator which describes the increase in national income (net output) in relation to the input in the production of the projected output volumes. To complement it, use is made of an indicator system describing the increase in the efficiency of the utilization of living labor, basic producer goods and capital investments as well as of indicators concerning the efficiency of material resource utilization and indicators of the population's living standard.

The increase in the efficiency of national production, which is directly related to the regional economic structure and to the efficient disposition of the productive capacities, is determined by a system of indicators describing both the current and the one-time input in commodity output and its transportation and the utilization of local multipurpose resources. In this process, one takes into consideration the effect obtained as a result of integration of various industries.

Concluding the scheme, basic proposals are presented which should be reflected in the elaboration of the long-term plan drafts concerning the republic's (region's)

economic and social development; light is cast upon the main problems concerning the development and disposition of its productive capacities in a more distant period, including the problems concerning important planning, scientific research, exploratory and geological prospecting work, the incorporation of natural resources in the economic process, and the large-scale economic development of new regions.

The present Methodological Directives are the standard. On the basis of these directives, the USSR ministries and departments and the councils of ministers of the union republics work out and--upon coordination with the USSR State Planning Commission--confirm the Methodological Directives concerning the development of the schemes for the respective economic sectors and industrial branches, for the productive capacities of the union republics, for the USSR economic regions in the republics' territories and for the regional production complexes--with due regard for the special characteristics of their development and disposition.

The schemes for the development and disposition of construction and transportation as a whole--as sectors of the national economy--are drawn up accordingly by the Scientific Research Institute for Construction Economics (the methodological directives are confirmed by the USSR State Committee for Construction Affairs upon coordination with the USSR State Planning Commission) and by the Institute for Complex Transport Problems (the methodological directives are confirmed by the USSR State Planning Commission).

The scheme for the development and disposition of industry--as a sector of the national economy of the USSR--is worked out by the SOPS and the NIEI of the USSR State Planning Commission. The scheme for the development and disposition of the productive capacities of the Central Asian, Transcaucasian and Baltic economic regions are drawn up--within the framework of the General Scheme for the disposition of the USSR's productive capacities--by the SOPS of the USSR State Planning Commission.

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PLANNING AND PLAN IMPLEMENTATION

PRODUCT STANDARDIZATION PLAN FOR 1981 DETAILED

Moscow STANDARDY I KACHESTVO in Russian No 1, Jan 81 pp 3-6

[Article: "Plan of State Standardization for the First Year of the Eleventh Five-Year Plan"]

[Text] In sectors of the national economy and in union republics, implementation has been initiated of a large complex of work on standardization and metrology as provided in the plan for state standardization for 1981--the first year of the 11th Five-Year Plan.

This plan, approved by Gosstandart in October 1980 and delivered on time to its executors, contains major differences from plans of past years. It has for its basis new principles of planning, determined by a decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979 "On Improving Planning and Strengthening the Action of the Economic Mechanism on Raising Efficiency of Production and Quality of Work."

In conformity to the decree, the plan was developed on the basis of a need of concentrating all standardization work on key problems relating to the development of the national economy and concentrating the efforts of ministries and departments, head and base standardization organizations on end results of the work on the basis of the further development of the program goal method of planning.

At the same time, it should be noted that the development of the plan for 1981 was carried out in accordance with the decisions of the November (1979) and June (1980) plenums of the CPSU Central Committee and positions enunciated at these plenums in speeches of General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet L.I. Brezhnev on questions of development of the economy, scientific-technical progress and raising of the quality of production output.

At the October (1980) Plenum of the CPSU Central Committee Comrade L.I. Brezhnev, in particular, said that in the eighties transition of the economy to intensive development should be completed and labor productivity and quality to be sharply raised.

The chief task of the 1981 plan is concentration of all work dealing with standardization on key problems of development of the national economy and especially on realization of tasks in the fields of:

development of the fuel and power base;

economizing on metal and efficient use of material and natural-raw material resources;

development of machine building;

development of the agroindustrial, food complex;

expansion of assortment and raising of the quality of consumer goods.

The direction and specific volumes of the targets of the plan of state standardization for 1981 stem from the results of work on standardization carried out by ministries and departments, head and base standardization organizations, enterprises and Gosstandart in the 10th Five-Year Plan.

During this period basic changes took place in standardization work in the country. An essentially new factor was the introduction of the program goal method of planning of standardization on the basis of development and implementation of programs of complex standardization of the most important types of products.

Such a method, despite deficiencies and certain difficulties in fulfillment of programs, showed major effectiveness and promise. For example, the introduction of standards and technical conditions developed on the basis of the program "Entry-Driving Machines" made it possible to increase machine reserves up to the first capital repair job by 10 percent, to reduce metal intensiveness of these machines by 2 percent and to improve other quality characteristics.

On the basis of 142 programs of complex standardization of the most important types of products, there were developed and revised during the course of the five-year plan 2,400 state and 2,300 sectorial standards and technical conditions of end products, raw and other materials, set pieces, means of production, product measurement and control.

In addition to programs of complex standardization of products, 22 programs of work on the creation and development of statewide systems of standards aimed at the further improvement of management of the national economy were carried out in accordance with the five-year plan.

Of major importance for raising of the scientific-technical level of standards are the system of renewal and revision of standards and technical conditions introduced by Gosstandart during the 10th Five-Year Plan in fulfillment of the decree of the CPSU Central Committee and the USSR Council of Ministers of 10 Nov 1970 "On Increasing the Role of Standards in Improvement of the Quality of Production Output" and also work done by Gosstandart, USSR ministries and departments on revision of standards in conformity to the decree "On Improving Planning and Strengthening the Action of the Economic Mechanism on Raising Efficiency of Production and Quality of Work."

During the years, the work on renewing all the existing state standards in the country, including more than 8,000 state standards established in 1966-1972, was practically completed.

For the five-year plan as a whole, Gosstandart established about 11,500 state standards.

As a result, the average age of state standards for products is 4.2 years, and their scientific-technical level for the most part corresponds to present requirements of production.

The developed and revised standards include progressive indicators and requirements, providing for a higher technical level and quality of manufactured products, lower material intensiveness of the products, more rigid norms for the use of metal, expenditure of fuel, oil and energy. Thus, the service life of machinery and equipment and their reliability and safety have been significantly increased and their productivity boosted.

Of major significance is the development during the 10th Five-Year Plan in accordance with the national-economic plan of programs of metrological services for sector of the national economy, which has made it possible to implement a statewide technical policy in the field of metrology, utilizing in this all the metrological services of sectors and to concentrate their efforts on the attainment of good end results in the provision of uniformity of measurements in the country.

At the same time, no success has so far been achieved in raising to the necessary level the performance discipline of many enterprises and organizations in regard to adherence of standards in product design and production. Checks conducted in 1980 showed that, for example, the design of a construction tool for organizations of the Ministry of Construction, Road and Municipal Machine Building and equipment for soil cultivation and sowing work by organizations of the Ministry of Tractor and Agricultural Machine Building was being done on a low level and with violations of standards.

Programs of complex standardization form the basis of the standardization plan for the first year of the new five-year plan.

Under the new conditions, when accomplishment of the programs of complex standardization should be the cornerstone of all work on standardization, responsibility and discipline in the accomplishment of complex programs are of special importance.

For the sake of unconditional fulfillment of each concrete program, the state standardization plan includes not only targets for the development of state standards but also targets for the development of all sectorial standards and technical conditions relating to them.

It must be noted that with 1981 there has been introduced state statistical reporting for ministries and departments on the fulfillment of state standardization plans. Ministries and departments will have to ensure clear-cut functioning of this reporting system and the obtained information should be effectively used for the adoption of necessary measures.

In 1981, the development of the new programs of complex standardization should be completed. Including the programs developed in 1980 as well as programs that were developed during the 10th Five-Year Plan but are being further developed in the current five-year plan, the total number of programs implemented during the 11th Five-Year plan will be more than 150.

It should be kept in mind that complex standardization programs realized during the 11th Five-Year Plan have for their aim normative-technical support of special-purpose complex national-economic programs. This places a special responsibility on leading developers and executors of complex standardization programs. It is namely to them that the words of Comrade L.I. Brezhnev were entirely addressed at the October (1980) Plenum of the CPSU Central Committee to the effect that each program had to be a valid plan of measures based on accurate calculations and aimed at the end result, at the full solution of this or that problem. It is important for a program to determine the stages and priority of the tasks being solved.

Among the new programs to be developed in 1981 are programs for wheat, dairy products, sugar, mixed feed, machines and equipment for the application of mineral fertilizers, spinning machines, antifriction bearings, fastening items, motor oils, motion-picture film and so on.

On the whole, more than 3,000 state standards will be developed in 1981.

Special attention is paid in the 1981 plan to standards aimed at ensuring economy of energy, fuel, metal and greater reliability of equipment in accordance with the decrees and decisions of the CPSU Central Committee and the Soviet government.

A large volume of work is planned on revision of standards--75 percent of the total number of standards in the plan. They include standards for machines and equipment that are being reviewed in fulfillment of the decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979. In 1981, revision of all state standards planned for revision during 1970-1981 must be completed.

A characteristic feature of the 1981 state standardization plan is that special attention is being given in it to the development of product standards, that is, standards of technical requirements, parameters and dimensions. Of the total number of standards subject to confirmation in 1981, 11.5 percent constitute general technical standards, 11.2 percent--standards for methods of testing and rules of acceptance and 77.3 percent--product standards (versus 50 percent in 10th Five-Year Plan). In this connection, the provision of a high level of standards for products is a most important task of base organizations dealing with standardization, ministries and departments as well as Gosstandart institutes. In this is to be found the guarantee for boosting the quality of production output.

In accordance with the Basic Directions for Development of Standardization and Metrology for 1981-1985 and for the Period to 1990, work must get started in the first year of the five-year plan on the creation of systems of general technical standards. On the basis of the fact that standardization is an important factor in the operation of the national economy, creation and adoption of these systems achieve increasingly greater importance.

In 1981, in addition to the systems of standards that will undergo further development during the 11th Five-Year Plan, there will have to be developed new systems, such as a system of standards in the field of reliability, durability and the resistance of products to wear, a system of state product testing, a system of standards of general requirements for consumer goods and a system of standards for information, library and publishing work.

Close attention should be paid by ministries and departments to the further development of systems methods of management of raising of production efficiency and product quality. The CPSU Central Committee has approved the work done by party organizations of Dnepropetrovskaya Oblast and Krasnodarskiy Kray on the creation and introduction of complex systems aimed at boosting production efficiency and quality of work. This experience should be disseminated as widely as possible.

USSR ministries and departments, state committees and Gosstandart should ensure in 1981 the accomplishment of an exceptionally large volume of work on the introduction, operation and further improvement of a system of classification and coding of technical-economic information.

A significant amount of work is scheduled to be done by ministries and departments on the development and use of CEMA standards. In accordance with the plan of CEMA organs, the state standardization plan for 1981 provides for the development of 1,606 CEMA standards and the introduction into the national economy of 487.

All these tasks are aimed at normative-technical support of questions of cooperation connected with the development of specialization and cooperation of production from the realization of long-term special goal programs of cooperation.

In the five-year period that has elapsed since the day of adoption of the Convention on Employment of CEMA Standards, much work has been done on the creation of normative-technical support of economic and scientific-technical cooperation.

Among the CEMA standards that are in operation are standards for such important types of products as are the object of specialization and cooperation as solid fuels, petroleum products, ores, steel cast iron, alloys, refractory materials, plastics, chemical fibers, mineral fertilizers, pesticides, common parts and components of products of machine building, tools, fastening items, metal-cutting and woodworking machine tools, tractors, agricultural machines, motor vehicles, textile machines, geological prospecting and petrochemical equipment, hydraulic items, electric machines, cables, television equipment, radio-electronic instruments, radio electronics, computing machines and sewing articles.

As can be seen from the figures of the 1981 plan, the volume of work in the creation of CEMA standards compared to preceding years is growing significantly. In the light of the new tasks of further development and deepening of international cooperation and specialization of production in CEMA member-countries, there is a growth in the responsibility of ministries and departments and Gosstandart for the fulfillment of plans of development and introduction of standards and special importance is being attached to the problem of further raising of the scientific-technical level of CEMA standards.

Taking into account the importance of unconditional fulfillment of the Soviet side's commitments relating to the development of CEMA standards, targets relating to their development, in addition to the state standardization plan, are included in the State Plan of Economic and Social development of the USSR. These, as a rule, are very important standards mostly for products that are directly provided for in long-term special purpose programs of cooperation.

The 1981 plan provides for the further strengthening of state supervision, improvement of its efficiency and concentration on checks of the most important products determining the technical level of sectors of the national economy,

An essentially new factor in the operation of state organs of supervision is conducting checks on the introduction of and adherence to standards and technical conditions in accordance with complex standardization programs, that is, the combination of checks of end products with checks of raw and other materials, component products, means of production, measures and control of production. The basis for this was laid in the 10th Five-Year Plan.

In 1981, complex checks will be carried out on the introduction of standards for programs: hydropower equipment, turbogenerators, sheet metal, railroad diesel locomotives, main line railroad cars, forging and pressing equipment with numerical programmed control, hydraulic excavators, agricultural tractors, household electric refrigerators. Checks will also be carried out on the introduction and observance of CEMA standards in the manufacture of products for export in accordance with CEMA standards.

In fulfillment of the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Action of the Economic Mechanism on Raising Efficiency of Production and Quality of Work" efforts to control production of items of the highest quality will be strengthened.

A total of 35,000 checks are intended to be carried out in 1981.

The work of Gosstandart, its metrological institutes and metrology services of sectors, enterprises and organizations will be conducted in 1981 and subsequent years of the five-year plan on the basis of realization of programs of metrological support of sectors developed during the 10th Five-Year Plan and programs of metrological support based on types of measurements developed during 1980-1981.

For the purpose of providing unified measurements in the country, boosting the level of measurements and the creation of new measurement and control equipment, new state and working standards will be developed in 1981. About 300 standard models intended for provision and control of quality of substances and materials used in practically all sectors of industry, as well as in health care, agriculture and scientific research will be created. State acceptance tests of new types of instruments will be conducted as well as metrological certification of new means of measurement.

During the 11th Five-Year Plan, including 1981, there will be further developed a system of boosting the qualifications of specialists of sectors of the national economy in the field of standardization, product quality and metrology. Fifteen thousand specialists are improving their skills in these fields at educational institutions of Gosstandart.

The fulfillment of the state standardization plan of the 11th Five-Year Plan will require concentration of efforts on the part of head and base standardization organizations in sectors, standardization services of associations and enterprises. Fuller use of the possibilities of standardization will ensure the further development of scientific-technical progress and will promote higher efficiency of production and quality of production.

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PLANNING AND PLAN IMPLEMENTATION

GUIDELINES FOR 1981 COUNTERPLANS, SOCIALIST OBLIGATIONS

Moscow *IKONOMICHESKAYA GAZETA* in Russian No 47, Nov 80 p 5

Letter No AB-33-D "On the Counterplans and Socialist Obligations of Production Associations (Enterprises) and Organizations for 1981" of USSR Gosplan, the USSR State Committee for Labor and Social Problems, the USSR Ministry of Finance, the USSR Central Statistical Administration and the AUCCTU

Text On 10 November USSR Gosplan, the USSR State Committee for Labor and Social Problems, the USSR Ministry of Finance, the USSR Central Statistical Administration and the AUCCTU adopted Letter No AB-33-D "On the Counterplans and Socialist Obligations of Production Associations (Enterprises) and Organizations for 1981." We are publishing the text of this document.

The decree of the CPSU Central Committee "On Socialist Competition for a Worthy Greeting of the 26th CPSU Congress," the decision of the October (1980) CPSU Central Committee Plenum "On the Drafts of the State Plan of USSR Economic and Social Development and the USSR State Budget for 1981" and the speech of Comrade L. I. Brezhnev at the indicated plenum aroused among labor collectives the determination to mark 1981, the first year of the 11th Five-Year Plan, with high production indicators.

In honor of the forthcoming 26th CPSU Congress the production collectives in industry and agriculture, in construction and transportation are assuming obligations to increase work quality, to step up the policy of economy and to tighten up labor discipline.

The movement for the drafting and adoption of counterplans and socialist obligations, which exceed the assignments for the first year of the 11th Five-Year Plan, is spreading in labor collectives.

For the purposes of strengthening the influence of counterplanning on the increase of production efficiency and work quality and further developing socialist competition USSR Gosplan, the USSR State Committee for Labor and Social Problems, the USSR Ministry of Finance, the USSR Central Statistical Administration and the AUCCTU are establishing the following procedure of the drafting and approval of the counterplans adopted by collectives for 1981 and the material stimulation of their fulfillment.

1. The counterplans and socialist obligations should be aimed first of all at the further increase of the growth rate of labor productivity, the improvement of the use of production capacities, the saving of fuel, power, metal and other materials, the increase of the quality and the broadening of the assortment of products, the acceleration of the rate of scientific and technical progress, the additional output of the products needed by the national economy and especially of all types of fuel and chemical products.

Much attention should be devoted to the adoption of counterplans on the production of consumer goods in all sectors of industry, including in heavy industry and the defense industry.

2. The proposals of production associations (enterprises) and organizations for the counterplans, which exceed the indicators of the plans for 1981, are sent to the superior economic organ and the appropriate committee of the trade union and should be examined and approved by them before 15 February 1981.

When examining the drafts of the counterplans the ministries, departments and appropriate central and republic committees of the trade unions are obliged to take as much as possible into account the proposals of the collectives of production associations (enterprises) and organizations on the increase of production efficiency and work quality, as well as on the increase of the sales volumes of the products needed by the national economy.

The annual plans of production associations (enterprises) and organizations, which were established earlier on the basis of the assignment of the State Plan of Economic and Social Development for 1981, should be reapproved in conformity with the adopted counterplans. The amount of the excess of the counterplan over the initially set plan is set apart from the approved counterplan according to the corresponding indicators by a separate line.

3. When approving the counterplans for 1981 for production associations (enterprises) and organizations the planned amounts of the material incentive fund and the fund for sociocultural measures and housing construction are simultaneously increased for them within the limits of the increase of the profit as compared with the initially set plan.

The increase of the material incentive fund is made for each point (percent) of the exceeding of the indicators of the initially set annual plan on the increase of labor productivity (in some sectors also for the increase of the output of products) according to standards which have been increased threefold, while the standards, which are set for the level of the output-capital ratio, the profitability and other qualitative indicators (except for the standard for the proportion of products of the highest quality category in the total volume of output), are increased 1.5-fold.

When the assignment on increasing the proportion of products of the highest quality category in the total volume of output for 1981 is exceeded, the material incentive fund is increased for each point (percent) of the indicated excess according to a standard which is equal to 3 percent of the material incentive fund, which was calculated for this year according to approved standards.

Moreover, for the increase of the amount of profit as compared with the initially set plan the planned material incentive fund for 1981 is increased by an additional 2 percent for each point (percent) of the exceeding of the initially set plan of the profit for 1981.

The increase of the fund for sociocultural measures and housing construction is made according to an approved standard (as a percentage of the material incentive fund).

The increase of the incentive funds can be made at the expense of the reserves of the ministry and the department for the production associations (enterprises) and organizations, for which counterplans are approved for the increase of the proportion of products of the highest quality category in the total volume of output, the increase of labor productivity and other indicators without the corresponding additional increase of the profit.

The production associations (enterprises) and organizations, which adopted for 1981 socialist obligations on the early fulfillment (or exceeding) of the fund-forming indicators of the approved plan for this year, when fulfilling the indicated socialist obligations make contributions to the incentive funds according to the established standard without their reduction.

4. When the counterplans and socialist obligations are exceeded, the additional contributions to the incentive funds for the indicated overfulfillment are made in accordance with general procedure, that is, according to the established standards which have been reduced by not less than 30 percent.

The bonuses for the workers of production associations (enterprises) and organizations, who fulfill and exceed the counterplans, are paid in higher amounts. In this case the amounts of the higher bonuses to managerial workers are determined by the manager of the superior organization.

In case the counterplan is not fulfilled, the planned incentive funds are reduced, and for nonfulfillment in the portion adopted according to the counterplan in excess of the initially set annual plan the planned incentive funds are reduced according to the standards which were increased by the amounts stipulated by Paragraph 3 of these instructions, while in the portion of the initially set plan they are reduced in accordance with the usual procedure. The bonuses for the workers in this case are paid in smaller amounts (in proportion to the fulfillment of the counterplan).

The increase (reduction) of the material incentive fund is made for each fund-forming indicator separately.

5. The production associations and enterprises, which have adopted counterplans, submit a report on form 1-VP. The plan indicators for production associations (enterprises), which have adopted counterplans, should be cited in the statistical returns on forms 1-P, 2-T and others in the amount of the counterplans approved by the superior organization, that is, with the increase according to the counterplan as compared with the initially set plan.

Ministries, departments and statistical organs on the local level should tighten up the monitoring of the timeliness and correctness of the submittal by production associations (enterprises) and organizations of the returns on the counterplans.

If in the course of the year the indicators of the plan are reduced for individual production associations (enterprises) and organizations by a greater amount than the increase adopted according to the counterplan, these associations (enterprises) and organizations are not grouped with the associations (enterprises) and organizations which have counterplans on the given indicator.

6. The production associations (enterprises) and organizations which have adopted and fulfill the counterplans have preference in the awarding of prize-winning places and banners to them according to the results of the socialist competition.

7. The ministries, departments and councils of ministers of the union republics jointly with the central committees and republic councils of the trade unions monitor the drafting, stimulation and assurance of the fulfillment of the counterplans.

The ministries and departments of the USSR and the councils of ministers of the union republics should report to USSR Gosplan, the USSR Central Statistical Administration, USSR Gosstat (on the output in physical terms), the USSR State Committee for Labor and Social Problems, the USSR Ministry of Finance and the AUCCTU no later than 1 March 1981 the general data on the counterplans assumed for the annual plan for 1981.

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PLANNING AND PLAN IMPLEMENTATION

BELORUSSIAN GOSPLAN OFFICIALS QUERIED ON PERFORMANCE

Minsk PROMYSHLENNOST' BELORUSSII in Russian No 12, Dec 80 pp 19-23

[Article: "Search, Scope, Effect"]

[Text] A little more than two years ago the decrees of the CPSU Central Committee "On Further Improving the Economic Mechanism and Tasks of Party and State Organs" and of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Action of the Economic Mechanism on Raising Efficiency of Production and Quality of Work" were adopted. What has been done so far in implementing them under the conditions of our republic?

The editors of the journal addressed this question to Nikolay Grigor'yevich Barabanov, chief of the department for introduction of new methods of planning and economic stimulation, and other employees of Gosplan BSSR. Their response is printed below.

First of all, planning has been improved, the circle of associations and enterprises making use, on an experimental basis, of new indicators in planning and evaluation of operational activity has become broader. If, let us say, a year ago the indicator of normative net production was used solely by the Minsk Tractor Plant, now this indicator is employed by 34 associations and enterprises of the BSSR Ministry of Food Industry, the Ministry of Light Industry, the Ministry of Timber and Wood Processing Industry, the Ministry of Meat and Dairy Industry and the Ministry of Construction Materials. In 1981, it will be adopted by another 30 associations and enterprises.

The preliminary results of introducing the indicator of normative net production point to its undoubted advantage. The level of control is raised over fulfillment of the plan concerned with the products list, since covering its underfulfillment according to the indicator of normative net production is more difficult than increasing the output of commodity (material-intensive) production. Wage fund planning is being improved due to the fact that the given indicator reflects most fully labor intensiveness of work. The interest of enterprises is reduced in raising the material intensiveness of products and conditions are created for lowering their cost.

Other advantages could also be cited. In some industrial sectors with seasonal character of work or rigidly tied to the assortment of raw material and products being produced, the use of the indicator of normative net production requires additional study. Thus, this year the BSSR Ministry of Light Industry began experimentation on normative planning of the wage fund at 37 associations and at enterprises that had converted to the Lichevskiy method of work. As indicated by the facts, this ministry turned out to be inadequately prepared for its implementation. Here wage-fund planning was done according to the traditional method, as a result of which some enterprises, including the Minsk Worsted Combine, found themselves in difficulties. It would have been better if the experiment had been conducted on a smaller number of enterprises, but with greater scope.

The 1980 plan established for associations and enterprises a limit on the number of workers. This makes it possible to strengthen control over more efficient use of labor resources through the introduction of measures relating to mechanization and improvement of labor organization. But a number of associations and enterprises of the Ministry of Meat and Dairy Industry, the Ministry of Construction Materials, the Ministry of Procurement and the Ministry of Local Industry of the BSSR did not sufficiently occupy themselves with questions of rational use of manpower and allowed the number of workers to be above the limit.

The draft plan for 1981 includes new sections and new indicators: balance of finance resources, use of secondary raw materials, the relative share of workers employed in brigades and so on. Evaluation of the annual plan will also be done on a different basis—not quarterly but on a cumulative-total basis. But certain ministries and departments, associations and enterprises are extremely slow in rearranging the planning mechanism, making insufficient use of the possibilities presented to them; they frequently limit themselves through fixation of conducted experiments. They do not carry out practical preparation for the transition to wage-fund planning according to ruble of production norm and for use of the normative method of profit distribution.

In the system of measures providing for improvement of planning, an important role is played by the process of compiling certifications on associations and enterprises. This work should have a positive effect in the final analysis on the level of scientific, engineering and economic basing of the draft of the 11th Five-Year Plan. Unfortunately, compilation of the certifications has been dragging out unjustifiably. It has been completed only at the Ministry of Light Industry, Ministry of Food Industry, Ministry of Meat and Dairy Industry, the Ministry of Procurement and the Ministry of Fuel Industry of the BSSR and the Main Administration of River Fleet.

Special mention should be made concerning improvement of the planning of scientific-technical progress. At the present time, the Academy of Sciences, Gosplan and Gosstroy of the BSSR are working on a complex program of scientific-technical progress and its social-economic consequences over the next twenty years. The Institute of Economics of the Academy of Sciences has been made head executor; appropriate funds have been allocated to it. Preparations are going on for the experimental introduction of an improved planning system for new equipment at the enterprise—ministry—Gosplan level. Standardized planning forms and indicators are being introduced; this will assure a single methodological approach and also the outright coordination of expenditures and expected results from the introduction of the new equipment in the plans. Moreover Gosplan BSSR, with the participation of the Academy of Sciences,

Goostroy, ministries and departments, and scientific associations and enterprises prepared a draft listing of 57 programs for the solution of the most important scientific-technical and economic problems for 1981-85, including 24 connected with the elaboration of problems in the field of machine building, radio electronics, microbiology and other industrial sectors, 8 with construction and the construction materials industry, 15 with agriculture, 3 with health care and 7 on economic problems. It is also planned to complete six special-purpose complex scientific-technical programs providing for the elaboration of a system of measures for raising production, work and service quality; a reduction in the use of manual labor in industry and construction; reduction of losses of agricultural produce; increase of production and improvement of the quality of flax fiber; an increase in the production of products made from metal powders; reequipment and modernization of prefabricated concrete enterprises. The realization of the special-purpose complex programs should ensure in the near future higher efficiency of production, product quality and curtailment of nonproductive losses.

In the 10th Five-Year Plan, applied scientific research was conducted for 66 union and 36 republic scientific-technical programs and 22 programs for the introduction of new types of production and new manufacturing processes into production. About 200 scientific institutions, organizations and enterprises took part in this work. The accomplishment of planned programs in the field of powder metallurgy, improvement of manufacturing processes and means of mechanization of maintenance of motor vehicles, chemical manufacturing processes, laser technology and a number of others made it possible to obtain important results for science and practice.

At the same time, serious defects exist in the organization of scientific-research work. Particularly intolerable is dragging out of the time of their accomplishment. Thus, the Institute of Construction and Architecture of Goostroy unpardonably has dragged out adjustment and turning over for industrial operation of automated lines and vibrationless molding of reinforced-concrete construction components and items, providing for higher productivity of labor by a factor of 1.5-2. The BSSR Ministry of Installation and Special Construction Work and the Ministry of Higher and Secondary Specialized Education are dilly-dallying in connection with the organization of commercial production of heat-insulation slabs from foam plastic on the basis of composite phenols. The production of such slabs would make it possible to achieve an economy of 1.5 million rubles a year.

Or take the problem of improvements through the introduction of achievements of science and technology, new organization of production and control of quality indicators of production. More than 2,200 enterprises and organizations have introduced complex systems of quality control of production. Technical goals for the creation of sectorial systems of production quality control for performed work and services have been worked out at ministries of construction materials industry, light, meat and dairy industry and consumer services. The question is being studied of the creation of a republic system of improving production quality control. At the same time, there are still many enterprises that do not ensure production of high-quality products. Of 585 associations and enterprises checked in the first half of the present year, almost half put out products that violated the requirements of standards and technical conditions. In a number of cases, products were forbidden to be sold in whole or in part. Economic sanctions were applied with respect to associations and enterprises of the Ministry of Light Industry, Ministry of Local Industry and several other republic ministries. In the first half of the last year of the 10th Five-

Year Plan, 38 products were deprived of the Seal of Quality. These products were from Brest Electric Bulb Plant, Lida Electrical Products Plant, Gomel' Glass Plant imeni Lomonosovkiy and several other enterprises.

In 1980, more than 50 republic standards and about 100 specifications, as well as normative technical documentation, were revised with respect to consumer and household goods. Gosplan together with oblast ispolkoms and Minsk City ispolkom worked out balances of labor resources for the republic, oblasts and the city of Minsk up to 1990. In this period, growth of production volume will have to be attained to the utmost degree through growth of labor productivity, that is, to have the entire growth of production volume attained at existing enterprises without increases in the number of workers.

Things, however, are not working out too well. Associations and enterprises of the Ministry of Meat and Dairy Industry and approximately half of the enterprises of the Ministry of Light Industry, Ministry of Timber and Wood Processing Industry and Ministry of Food Industry of the BSSR are not achieving an increase in production volume through higher labor productivity. Despite a reduction in the relative share of the number of workers engaged in manual labor in the republic's industry amounting to 37.8 percent during the present five-year plan, their absolute number has grown. The highest relative share of workers engaged in manual labor continues to be at associations and enterprises of the Ministry of Meat and Dairy Industry, Ministry of Food Industry and Ministry of Local Industry of the BSSR.

The proportionate number of workers engaged in manual labor must be reduced by 20-25 percent in industry. In point of fact, this reduction amounted to only 7.4 percent in the four years of the five-year plan. Thus, the BSSR Ministry of Construction Materials, with a target of reducing during the five-year plan the proportionate number of workers engaged in manual labor by 23.7 percent, achieved a reduction of only 1.3 percent, the BSSR Ministry of Local Industry—27.1 and 6.3 percent, respectively, the BSSR Ministry of Fuel Industry—20.1 and 0.7 percent. Insufficient attention is being paid at these and certain other ministries to questions of material-technical support; scientific-research and technological planning organizations and the corresponding services of associations and enterprises are inadequately involved here. Reduction of the number of auxiliary workers constitutes one of the reserves for satisfying needs for cadres in basic production, which is especially important under conditions of limited labor resources. Incidentally, in the four years of the 10th Five-Year Plan, the number of auxiliary workers increased by 93,000 in the republic's industry. At all ministries and departments, with the exception of the BSSR Ministry of Timber and Wood Processing Industry and the Ministry of Food Industry, there occurred an increase in both the absolute and relative size of auxiliary workers. A particularly large growth has taken place at enterprises of the Ministry of Local Industry, Ministry of Light Industry and Ministry of Construction Materials Industry of the BSSR. Consequently, systematic regulation of the number of auxiliary workers remains as before an important problem and a reserve for boosting labor productivity.

A few words on capital construction. In recent years, construction ministries, departments and organizations of the Republic have developed and implemented a number of measures, aimed at boosting the effectiveness of capital investments, speeding up putting into operation production capacities and facilities. As a result, 1.6 billion rubles more were utilized in industry during the 10th Five-Year Plan than

during the Ninth Five-Year Plan. Something like 2.8 billion rubles went into modernization and reequipment of existing enterprises alone versus 1.05 billion rubles during the Ninth Five-Year Plan, or an increase amounting to 2.7-fold. At the same time, the proportion of capital investment going into reequipment remains low. During the 11th Five-Year Plan, a significant rise in the level of these expenditures is planned. Steps are also being taken relative to concentration of capital investment and reduction of unfinished construction. It is planned in particular to reduce by 20%, or by 14 percent, the number of newly started projects compared to the preceding year.

Normative periods of construction are not always adhered to. For example, with respect to facilities that went on full planned capacity in 1979, they were exceeded by a factor of 1.6; in the construction of a fittings shop at the Poles'yestroyindustriya, the factor was 2.5, in expansion of a shop at Molodechno Machine-Tool Building Plant--2.2. The Ministry of Industrial Construction turned over 29 percent of facilities with planned periods that were exceeded.

There is also something else that should be mentioned. In the undertaking of settlements for completely constructed facilities, contracting organizations are issued credits from the bank with subsequent payment for their use. With tardy turning over of facilities, payment for credit increases sharply. In this connection, the responsibility of customers should be raised for the timely provision of construction projects with equipment, planning estimates and preparation of sites. Unfortunately, such customers as the BSSR Ministry of Light Industry and Ministry of Local Industry and also the Gomel'skaya Oblast Ispolkom consistently let down builders.

In the coordination of the volume of market construction projects for the 11th Five-Year Plan for the purpose of excluding cost increases of work for customers, planners and contractors have to carefully verify the estimated cost of facilities and priority complexes and certain other enterprises.

Some words on the development of cost accounting and improvement of management. It should be noted that cost-accounting methods of work are used by the majority of the republic's industrial ministries. Unfortunately their introduction has been limited solely to the formation of centralized economic-incentive funds, other necessary funds, financial reserves and to the introduction of payment of bonuses to personnel of the central apparatuses of ministries. Naturally, in such a situation, the very principle of cost accounting is belittled, inasmuch as the ministries do not bear an economic responsibility for the results of operational-financial activity. The BSSR Ministry of Light Industry, Ministry of Timber and Wood Processing Industry, Ministry of Meat and Dairy Industry, Ministry of Food Industry, the Ministry of Construction Materials Industry and the Administration of Fish Industry, which have been working for a long time under conditions of cost accounting, should adopt the normative method of profit distribution in such a way that it would already be possible to use it in 1982. An assessment of the results of operational activity and economic stimulation at production associations and enterprises is now being made on the basis of the fulfillment of plans of product deliveries in accordance with concluded agreements. Contractual obligations, however, are frequently not fulfilled. Thus, in the first six months of this year, they were not fulfilled by 436 associations and enterprises of the BSSR Ministry of Timber And Wood Processing Industry, Ministry of Local Industry, Ministry of Light Industry, Ministry of Meat and Dairy Industry, Ministry of Construction Materials Industry and Ministry of Road

Construction [Minderstroy].

The Pinsk Combine of Outer Knitwear, for example, underfulfilled deliveries to the trade network of semiwool and volumetric worsted, the Mogilev Combine of Silk Fabrics--its basic product, the Vitebsk Production Woodworking Association for enterprises of the BSSR Ministry of Industrial Construction--boards for flooring, parquet, chip board, the Panipol'skiy Plant of Reinforced Concrete and Bridge Components of the Ministry of Road Construction--prefabricated reinforced concrete. Moreover, the delivery shortage was allowed to occur while there was an overfulfillment of the total volume of sold products.

In working out conditions for awarding bonuses, some ministries frequently establish a free percentage of underdeliveries of products wherein executive personnel are paid large bonuses. For example, the BSSR Ministry of Road Construction in the last year of the 10th Five-Year Plan established for its subordinate enterprises the sizes of underfulfillment of commitments for deliveries in the amount of 20 percent. The BSSR Ministry of Meat and Dairy Industry established for its subordinate enterprises a significantly higher percentage of underfulfillment than has been provided for personnel of the central apparatus of the ministry. A similar situation exists at the BSSR Ministry of Light Industry, Ministry of Timber and Wood Processing Industry, Ministry of Food Industry and Ministry of Construction Materials Industry. Such a practice cannot be justified in any way.

Republic party, soviet and operational organs have done considerable work on improving the practice of management. In industry, work has been basically completed on concentration and specialization of production on the basis of creation of production associations. During the 10th Five-Year Plan 110 production associations have been created. Their share now includes more than half of the total volume of sales of products. The highest relative share of associations is to be found at the Ministry of Timber and Wood Processing Industry--97, the Ministry of Food Industry--92, the Ministry of Local Industry--60 percent. Creation of associations has made it possible to reduce the number of independent units of management, to bring management closer to production, to strengthen the tie of science with production and to create more favorable conditions for the improvement of housing and other social and everyday conditions of workers. In a number of cases, supply was improved since the need for certain types of materials is now being satisfied within the framework of associations.

At the same time, there are to be found many omissions in the creation and establishment of associations. In our republic, for example, 7 bread-baking associations of the Ministry of Food Industry, 94 enterprises of Belorussian SSR Cooperative Union and 9 enterprises of the Belorussian Railroad Administration are engaged in the production of bread, rolls and buns. Their shares respectively are 65, 33 and 2 percent of the total production of bread, rolls and buns. Labor productivity at enterprises of the Belorussian SSR Cooperative Union is 32 percent lower and at enterprises of the Belorussian Railroad Administration 17 percent lower than at associations of the Ministry of Food Industry. According to preliminary estimates, only a partial concentration of bread-baking production has made it possible to free up to 4,000 persons.

Some associations are unjustifiably small both in terms of number of workers and in volume of products produced. Measures on centralization of auxiliary and subsidiary services and managerial functions have not been sufficiently fully implemented in a

number of cases. This is to be explained by the fact that many production associations were created without an adequate technical-economic basis.

It is therefore not surprising that in most of them questions of specialization and cooperation of production and centralization of the functions of management of auxiliary and subsidiary services have not been solved properly.

In accordance with the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Action of the Economic Mechanism on Raising Efficiency of Production and Quality of Work," republic ministries developed measures providing for completion of the formation of production associations. During 1980-1982 in particular, it is planned to create 29 production and four scientific-production associations. In addition to the creation of new associations, measures are being taken to improve the operation of existing associations.

A production association is a complicated production complex. Therefore a careful study is required of the feasibility of organizing it on the basis of a selection of the most effective variant. This must already be taken into consideration when developing a plan for the creation of an association. It should provide:

--economic practicability of concentration, specialization, cooperation and combination of production in interrelation with reequipping and modernization;

--introduction of progressive techniques and technology, expansion of the scientific-technical base, increased unification of scientific-research, planning and design work and production;

--improvement of forms and methods of planning, cost accounting, development of direct extended operational ties;

--improvement of production organization on the basis of a combination of centralized management with operational initiative, efficient centralization of managerial functions, introduction of an automated control system.

As before, the urgent problem remains of involvement of material resources in operational turnover and acceleration of the turnover rate of capital. This is especially so since republic ministries and departments underfulfilled targets for these indicators by 118.4 million rubles during 1976-80. The situation is especially unsatisfactory in regard to Khimvolokno and Azot production associations in this respect.

Above-normal noncredit-extended reserves of commodity stocks (as of 1 July of the current year versus the corresponding period of last year) amounted to more than 140 million rubles. They have increased especially at Minsk Motor-Vehicle Plant by almost sevenfold, at Gomel' Tsentrolit Plant--fourfold, Brest Electric Bulb Plant--threefold. This attests to the fact that industrial enterprises still do not have the necessary economic responsibility for excessively accumulated material resources and that the level of norm setting of their own working capital is extremely low. Here there is a great need for economically based norms of working capital as is done at enterprises of union industrial ministries.

A certain amount of experience has been accumulated in the republic in connection with the brigade form of labor organization. At the beginning of this year, there were to be found in industry 36,000 brigades, encompassing 49 percent of the workers, including 25,000 brigades with collective form of labor organization and stimulation.

During the 11th Five-Year Plan, the brigade form of labor organization is to become basic. And yet certain ministries have not found so far a systematic approach to the solution of this important task. In proposals presented to the BSSR Ministry of Timber and Wood Processing Industry and Ministry of Construction Materials Industry, it is planned to increase the inclusion of workers with brigade forms of labor organization by a total of 1-3 percent compared to last year. Approximately 40 of the republic's industrial enterprises have been defined as base enterprises for the introduction of the system used at VAZ [Volga Motor Vehicle Plant]. This system has been introduced in only four of them (the Borisov Avtogradoushchitel' Plant and the Borisov Auto-Tractor Electric Equipment Plant, the Gomel' Plywood-Match Combine). In the others, its introduction has been unjustifiably dragging.

The republic's industry has 114 associations and enterprises of which almost 10 percent use the method of the Shchekino Chemical Combine. It is most widely used by the BSSR Ministry of Light Industry. Enterprises of this ministry, operating on the basis of the Shchekino method, produce more than 70 percent of the total production volume. Last year growth of labor productivity here amounted to 5.7 percent versus 3.9 percent for the ministry as a whole. Unfortunately, one must point out that the method of the Shchekino Combine is used on a limited scale at the BSSR Ministry of Timber and Wood Processing Industry, Ministry of Food Industry, Ministry of Local Industry and Ministry of Fuel Industry. The rate of its introduction has been slowed down at enterprises of the BSSR Ministry of Procurement and a number of other ministries and departments. There is no need to point out that the situation must be rectified.

All units of management will have to work with precision and with a high level of efficiency.

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PLANNING AND PLAN IMPLEMENTATION

ACADEMICIAN INTERVIEWED ON PLANNING STRATEGY

Moscow SOVETSKAYA ROSSIYA in Russian 12 Dec 80 p 2

[Interview with Doctor of Economic Sciences Yu. V. Yakovets, head of the department of socioeconomic planning and finance of the Academy of the National Economy: "Development Strategy"]

[Text] Our interview today is with Doctor of Economic Sciences Yu. V. Yakovets, head of the department of socioeconomic planning and finance of the Academy of the National Economy.

[Question] For more than half a century now the economic development of our country has been determined by future plans. These days we are all involved in discussion of the draft "Basic Directions of Economic and Social Development of the USSR for 1981-1985 and the Period until 1990." What do you, as an economic scientist see as the fundamental characteristic and significance of this document for the continued refinement of socialist planning?

[Answer] The progressive development of the Soviet economy from the days of Lenin's GOELRO plan has been realized in future plans. Each of them is a new step toward embodiment of the ideas of scientific communism and the long-term economic and social strategy of the party.

In the stage of mature socialism planned management of the economy plays an even larger role and its tasks and functions are broader and more complex. The decisive link in the unified chain of measures developed by the party within its economic policy is further improvement in national economic management, above all raising the level of planning work.

This is precisely the objective of the CPSU Central Committee decree "Further Improvement of the Economic Mechanism and the Tasks of Party and State Bodies" and the decree of the CPSU Central Committee USSR Council of Ministers entitled "Improving Planning and Strengthening the Influence of the Economic Mechanism on Raising Production Efficiency and Work Quality." They are one more major step forward and testify to the consistent and persistent implementation of CPSU policy, which aims at realizing the various measures necessary to improve the economic mechanism with due regard for the characteristics of economic and social development

of the country under conditions of mature socialism. A distinctive feature of the planned measures is that they follow from established principles and methods of socialist planning that have proven themselves in practice. The economic experience of the USSR was summarized during the development of these measures and several major economic experiments to improve methods of planned economic management were taken into account.

[Question] If we look at the draft document "Basic Directions of Economic and Social Development of the USSR for 1981-1985 and the Period until 1990" from this standpoint, what are the most distinctive features and characteristics of this crucial document?

[Answer] Above all we should note the broadening of the planning horizon. The draft "Basic Directions" contains not only concrete assignments and indicators for the five years 1981-1985, but also the primary challenges of economic and social development of the country for the decade. The main strategic task for the 1980's is defined. The document formulates the basic points of a broad program to raise the standard of living of the Soviet people and ways to accomplish profound qualitative changes in the economy on the basis of comprehensive intensification of production, raising production efficiency, and accelerating the pace of scientific-technical progress. I would like to remind you that before the draft was composed major scientists and specialists did a great deal of work to prepare a comprehensive program of scientific-technical progress and its socioeconomic consequences.

Broadening the horizon of planning, which is the heart of management of the socialist economy, is in accord with V. I. Lenin's statement that one cannot work without a plan that is figured for major success over the long run. The changes that are needed in the sectorial and territorial structure of production and major scientific-technical, investment, and social programs cannot be carried out within the framework of an annual plan or a five-year plan. A much broader time horizon is needed for this. It must be possible to select optimal alternatives and work out a scientifically sound long-term strategy. This is what makes it possible to determine the assignments of the five-year plan on a more thoroughly substantiated basis.

The second distinctive feature of the draft "Basic Directions" is that it consistently follows the line of the party of steadily raising the material and cultural standard of living of the people and creating better conditions for comprehensive development of the individual, with an accent on creating the material prerequisites for carrying out this policy. This refers chiefly to the long-term food program, which has become the nucleus of the section "Development of the Agroindustrial Complex," which has for the first time been singled out within the structure of the five-year plan. This section deals together with the interrelated assignments for development of agriculture, land improvement, chemicalization of farming and animal husbandry, technical re-equipping of production using new machinery, rural construction, the development of agricultural science and worker training, and the processing of agricultural raw material in the food and mixed feed industries.

[Question] While we are talking about specific ways to strengthen the material base of public well-being, what do you see as the chief reserves?

[Answer] The fast-growing need of the public for high-quality consumer goods will be met by a faster growth rate in the production of these goods in industry (27-29 percent whereas production of the means of production will increase 26-28 percent) and by carrying out the comprehensive target program to increase the production of new industrial goods. The sectors of heavy and defense industry are being involved in meeting this challenge in conformity with the principles of the October 1980 Plenum of the CPSU Central Committee. The draft "Basic Directions" gives these sectors assignments for increasing the production of complex domestic appliances that are innovative, economical, and have better consumer and esthetic features.

The vast social program of the coming five-year plan, which envisions a steady rise in wages, faster development of public consumption funds, and improvement in living and working conditions (especially for women), improved housing, and further development of education, public health, and the sphere of culture and recreation will rely on a strong material-technical base.

At the same time the draft document emphasizes: "Labor is the only source of growth in national wealth. Society can only distribute that which has been produced." The challenges have been posed of strengthening checks on the measure of labor and measure of consumption, strengthening the dependence of wages and bonuses on the final results of labor by the collective and each individual worker, and insuring that labor productivity grows faster than wages.

A third distinctive feature of the draft "Basic Directions" is that it vividly embodies the party policy of raising the efficiency of public production and all-out intensification of production by accelerating the rate and scale of introduction of the latest scientific-technical advances.

[Question] The problem of raw material, energy, and labor resources, which is to say the shortage of them, has been treated in detail lately. Some planners and economic managers are inclined to give so-called "real shortages" as the explanation for their own obvious mistakes.

[Answer] The sources of extensive economic growth are now practically exhausted. In the 1980's the number of persons employed in material production in most regions of the country will not increase, and in some places it will decrease. Mineral, timber, and water resources in the developed regions are running out, and the shift of production to the eastern and northern parts of the country involves large investments for development and establishing the production and social structure. It demands additional labor resources, which are not available. The shortage of resources largely explains the slight slowdown in the rate of economic growth in the Ninth Five-Year Plan and the failure of certain ministries, associations, and enterprises to fulfill their plan assignments.

However, the resource shortage is relative, not absolute. It is hard to find any other country in the world which has such a variety of natural resources, skilled workers, and scientific-technical potential. This means that the real point is not a shortage of resources, but rather the fact that we have become accustomed to extensive techniques of economic management and are unable to make full use of reserves for intensifying production and the achievements of the scientific-technical revolution.

At the October 1980 Plenum of the CPSU Central Committee L. I. Brezhnev observed, "During the 1980's the transition of the economy to an intensive footing should be completed. The productivity and quality of labor should rise sharply." This policy was reflected in the draft "Basic Directions." Steps were outlined to accelerate the rate of technical progress, strengthen the interrelationship between science and production, speed up the development and incorporation of new technology, carry out full technical re-equipping of existing enterprises, and introduce progressive technological processes.

On this basis plans envision raising the productivity of public labor by 17-20 percent. It should be noted, however, that the planned rate of growth for labor productivity in industry, construction, and transportation is significantly lower than the levels achieved in the Eighth and Ninth Five-Year plans.

[Question] What do you have in mind there?

[Answer] For example, the average annual growth rate of labor productivity in industry in the Ninth Five-Year Plan was 6.1 percent, but the annual growth planned for the 11th Five-Year Plan is 4.3-4.6 percent. The corresponding figures in construction are 5.3 percent in the Ninth Five-Year Plan and about three percent in the 11th. That is why it seems essential during discussion and review of draft for "Basic Directions" and the Five-Year Plan to find additional reserves to step up the rate of growth in labor productivity by introducing new, highly efficient systems of machines and full mechanization of auxiliary processes. Special attention should be focused on freeing live labor as the result of technical progress.

Conserving production resources is a key factor in raising production efficiency. The draft "Basic Directions" envisions stepped-up assignments for conserving material resources. During the five years 160-170 million tons of standard fuel is to be conserved, the use of rolled ferrous metal products in machine building is to be reduced 18-20 percent, and construction is expected to cut the use of rolled metal products by 7-9 percent and the use of cement by 5-7 percent. Steps have been outlined for comprehensive processing of natural raw material and expanding the scale of utilization of secondary (used) resources and production waste products.

Finally, the fourth characteristic of the draft "Basic Directions" is that it presents a thorough system of steps to improve planned management in

conformity with the resolutions of the 25th CPSU Congress and decrees of the CPSU Central Committee and USSR Council of Ministers. This is the first time a draft party directive for a five-year plan has included such a thorough and broad section on improving management and raising the level of management work in all elements of the economy.

[Question] In connection with this, could you tell us in more detail how this program will be implemented?

[Answer] The coming five-year plan is expected to be a decisive stage in implementation of the basic principles of further refinement of the economic mechanism formulated in decrees of the CPSU Central Committee and USSR Council of Ministers. In his talk at the October 1980 Plenum of the CPSU Central Committee, L. I. Brezhnev observed that the mechanism of planning and management and the methods of economic activity have not been able to raise performance discipline to the level of current demands, and this is one of the factors inhibiting the rate of growth. The draft "Basic Directions" outlines a broad system of steps to overcome these shortcomings and raise the level of work in the area of planning and management.

The heart of this section is the measures to enhance the role of planning as the central element in national economic management, bolster the significance of the five-year plan, raise the level of centralized planning, and improve the system of plan indicators so that they reflect final national economic results more fully.

Comprehensive target programs will have a leading place among planning techniques. These programs insure concentration of resources in key areas of economic development and solve major economic, scientific-technical, social, and regional problems.

Improving the style and methods of economic management on the basis of Leninist principles of management and straightening out the organizational structure of management are important factors in raising production efficiency. It is important here to insure a national economic approach to solving sectorial and territorial problems, to overcome departmental and provincial thinking, and to make full use of the advantages of the collectivized socialist economy.

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